

LEASE PURCHASE/THIRD-PARTY FINANCING CONTRACTS REPORTING GUIDELINES (Form ADOR 05-0006)

A statewide Report of Bonded Indebtedness, statutorily required in A.R.S. § 35-501, is compiled using the information provided on this form. Information provided should reflect all lease purchase or third-party financing contracts with terms greater than one year as of **June 30, 2006**. All amounts should represent *year-end balances*, not the amounts retired within the year.

Please note that any person or member of any governing body knowingly omitting or refusing to comply with this request is guilty of a class 2 misdemeanor. Furthermore, pursuant to A.R.S. §35-501, "Any county, city, town, school district, irrigation district or other political subdivision of the state that fails to comply fully with the provisions of this article shall not issue any additional bonds or other securities."

Please complete each applicable field. Include information on all *lease purchase contracts with terms in excess of one year* and on all *third-party financing contracts with terms in excess of one year*. The following specific instructions for each numbered column should help you fill out the form correctly and completely. Submit completed reports to the department by *September 22, 2006*.

- 1) **NAME:** Enter the name of the agency or political subdivision involved in these contracts.
- 2) **TYPE OF FINANCING:** List the type of financing instrument for each issue. *For this form, these can be categorized as:*

LP **Lease Purchases** Issued to acquire or construct a building or equipment. The building and property usually serve as collateral for the benefit of the investors. The jurisdiction rents the property on a short term, renewable basis. *Only report lease purchases if the terms of the lease are for more than one year.*

3P **Third-Party Financing Contracts** are generally used to acquire equipment. The equipment serves as collateral. The difference between lease purchases and third-party financing contracts is that lease purchase financing is usually provided by the vendor. With third-party financing contracts, an outside party provides the financing.
- 3) **PURPOSE:** Complete the Purpose of Issue field by listing the use of the revenue. For example; computers, copiers, etc.
- 4) **DATE OF CONTRACT:** Enter the original issue date of the lease or contract.
- 5) **INTEREST RATE:** In this column, list *the* rate (one rate) of interest at *final maturity*. (There may be a single rate for the life of the contract.)
- 6) **DATE OF MATURITY:** The final maturity date of the lease or contract.

Note: For all fields requiring dollar amounts, **list ONLY the principal amounts.** Do not include interest or amounts held in sinking funds. Write the dollar amount completely. **Do not abbreviate** with terms such as 10K or 50M.

7) **ORIGINAL CONTRACT AMOUNT:** The original principal amount of the lease or contract. *There should be **no** premium or pre-payment penalty included in this amount.*

8) **PRINCIPAL RETIRED:** The total amount of principal paid throughout the life of the bond, **including the July 1, 2006 payment** if the payment amount has been deposited into a dedicated fund for payment of the principal. *No premium should be included in this amount.*

9) **OUTSTANDING PRINCIPAL:** Enter the amount still owed on the original lease or contract. However, the **year-end balance should not include any July 1, 2006 payment** if the payment amount has been deposited into a dedicated fund for the payment of the principal. *There should be **no** premium included in this amount.*

Note: The sum of the *PRINCIPAL AMOUNT RETIRED (COLUMN 8)* plus the *OUTSTANDING PRINCIPAL (COLUMN 9)* must equal the *ORIGINAL CONTRACT AMOUNT (COLUMN 7)*.

In general, check your math. **Make certain that $columns\ 8+9=7$.** Attach remarks concerning any of the issues on a separate sheet of paper. Finally, include the name and phone number of the individual who may be contacted for further questions.

ADDITIONAL PERTINENT STATUTORY REQUIREMENTS

Report of Bond and Security Issuance: Pursuant to A.R.S. §35-501B, these forms need only be filed if your jurisdiction issues new bonds or securities.

Although the Governing Board of the jurisdiction is ultimately responsible for compliance with these requirements, a similar letter has been sent to all known Municipal Bond Attorneys and Municipal Underwriters in Arizona. If you are using the services of Arizona Attorneys or Underwriters, please be certain that you know which of you will be filling out and submitting these forms. If you are not using their services, you must fill out and submit the forms. If you need a copy of this form, please call the Office of Economic Research & Analysis at (602) 716-6090.

Notification of retirement of bond or upon payment of interest: A.R.S. §35-502 requires that the department receive notification immediately upon retirement of a bond or upon payment of interest. In order to promote efficient compliance with this provision, we have asked that a Debt Service Schedule is sent upon issue, and notification of any variation from that schedule is sent to us immediately.

Publicity Pamphlets: A.R.S. §35-454 dealing with Bond Election Informational pamphlets requires that the governing board of a political subdivision shall “***submit a copy of the informational pamphlet to the Department of Revenue within thirty days after the bond election.***” Please indicate if the election was successful.

Truth in Taxation: A.R.S. §42-17107 requires that if a Truth in Taxation Notice is required for cities, towns, counties, and community colleges, a copy of it, along with a statement of its publication or mailing and the result of the Governing Board's vote must be sent to the Property Tax Oversight Commission (PTOC) within three days of the hearing.

For school districts, A.R.S. §15-905.01 requires that if a Truth in Taxation Notice is required, a copy of it, along with a statement of its publication and the result of the Governing Board's vote must be sent to the Property Tax Oversight Commission (PTOC) within three days of the hearing.

The Arizona Department of Revenue staff serves as staff to the PTOC.

Arizona Department of Revenue
July 3, 2006